

**Report of the**

**Committee on Finance**

**Finance Division**

**Latonia McKinney, Director**

**RESOLUTION AMENDING AND RESTATING THE RESOLUTION COMPUTING AND CERTIFYING ADJUSTED BASE PROPORTION OF EACH CLASS OF REAL PROPERTY FOR FISCAL 2020 TO THE STATE BOARD OF REAL PROPERTY SERVICES PURSUANT TO SECTION 1803-a OF THE REAL PROPERTY TAX LAW**

**Introduction.** The above-captioned resolution completes the certification procedure required by Section 1803-a of the Real Property Tax Law to establish the class shares used in levying the real property taxes for the adopted Fiscal 2020 budget.

In a separate resolution, the Council computed and certified the current base proportions for Fiscal 2020 (the "CBP Resolution"). The above-captioned resolution uses those current base proportions, together with data supplied by the New York City Department of Finance from the final assessment roll released on May 28, 2019, to determine the adjusted base proportions (or class shares) in accordance with the procedure established by the State Board of Real Property Tax Services (the "SBRPTS").

The current base proportion for each class of real property takes into account the market value changes in the class occurring between the assessment roll for the base period, 1989, and the latest roll for which SBRPTS has established class equalization rates, 2018. The CBP Resolution modified the class shares for the Fiscal 2020 property tax levy accordingly. The remaining step, to be taken in the above-captioned resolution, adjusts these current base proportions to take account of the various physical changes (such as demolitions, new construction, changes in exempt status and transfers among classes) that are reflected in the new final assessment roll. The computations called for in the SBRPTS procedure are designed to separate the effects of these physical changes from equalization changes made by local assessors.

**Analysis.** The calculations shown on the SBRPTS Form RP-6702 attached to the above-captioned resolution modify the share for each class to reflect physical changes. For Fiscal 2020, all property tax classes show modest physical changes. The Fiscal 2020 adjusted base proportions for Classes 1 and 4 show modest declines of an average of 1.2 percent from the Fiscal 2020 current base proportions. Classes 2 and 3, on the other hand, see increases due to physical increases pushing their adjusted base percentage up about 0.6 percent and 6.0 percent, respectively.

Pursuant to Section 1803-a(1)(gg) of the Real Property Tax Law which was enacted during the 2019 State legislative session (limiting the increase in Fiscal 2020 current base proportions to the Fiscal 2019 adjusted base proportions), the Fiscal 2019 adjusted base proportions become the Fiscal 2020 current base proportions for all four classes. Therefore, the changes in adjusted base proportions from Fiscal 2019 to Fiscal 2020, as reported in the table below, reflect the same changes to the Fiscal 2020 current base proportions discussed above.

|  |  |  |  |
| --- | --- | --- | --- |
| Comparison of Class Shares for Fiscal 2019 and Fiscal 2020 | | | |
| Class | Fiscal 2019 | Fiscal 2020 | Percent Change |
| 1 | 14.6808 | 14.4514 | - 1.56 |
| 2 | 37.8078 | 38.0398 | + 0.61 |
| 3 | 6.2255 | 6.5989 | +6.00 |
| 4 | 41.2859 | 40.9099 | -0.91 |
| Total | 100.0000 | 100.0000 |  |

The tax rates resulting from the use of class shares, or adjusted base proportions, shown above for Fiscal 2020 are compared to the Fiscal 2019 tax rates in the following table.

|  |  |  |  |
| --- | --- | --- | --- |
| Comparison of Tax Rates for Fiscal 2019 and Fiscal 2020  (Per $100 Assessed Value) | | | |
| Class | Fiscal 2019 | Fiscal 2020 | $ Difference |
| 1 | $20.919 | $21.167 | $0.25 |
| 2 | 12.612 | 12.473 | -0.14 |
| 3 | 12.093 | 12.536 | 0.44 |
| 4 | 10.514 | 10.537 | 0.02 |